Data centre boom sparks war for talent

21 Jun 2024 08:20 BST | by Guy Montague-Jones

Employers are seeking candidates from other sectors to fuel expansion

The data centre boom is fuelling a war for talent, forcing employers to hire staff from a broader range of backgrounds.

Data centre investment has spiked in recent years. In the first five months of this year alone, $22bn was invested in data centres globally – including $7bn in Europe, according to Linklaters.

As new businesses are established and existing platforms expand, recruitment has gone into overdrive.

Gail Stapleford, a senior director in the human resources team at CyrusOne, a well-established data centre business backed by KKR and GIP, says its recruitment needs have doubled year on year and that its headcount in Europe has grown 400% over the past five years.

Pay growth

Inevitably, exponential growth has put upward pressure on pay.

Luke Mariosa, who specialises in data centre recruitment at Macdonald & Company, says: "Candidates have expressed surprise at the competitive offers they are receiving, acknowledging that they never anticipated such generous compensation."

Ben Ingram, executive director at executive search firm Armstrong International, also notes: "It is very competitive at the moment, which means you see a lot of inflated salaries both to retain staff, but also with new offers."

However, he adds: "What might put a slight check on the inflation is that there are lots of people who are looking to move from other asset classes into data centres."

Rather than limit searches purely to people with a data centre background, employers are casting the net wider in order to fill vacancies.

Data centres sit somewhere between infrastructure and real estate, which means that people come into the sector having worked on either side of the fence – or even in seemingly unrelated fields.

It can be particularly challenging to recruit for some of the more technical positions, according to Stapleford.

"The talent pool across many disciplines is shrinking – most notably for technical roles, such as engineering, as well as power and design," she says.

"Therefore, we have to be more creative in how we recruit and attract new talent. For instance, in recruiting for facility engineers, we are starting to look in other talent pools for engineers with similar backgrounds."

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She cities military and aerospace as examples of industries where it will consider hiring from.

These are not the sort of positions that would be a natural fit for someone with a real estate background, but there are plenty that are well-suited.

Making the switch

At agency firms, there is a need for professionals with the same skills as in other sectors, working across occupier services, development advisory and investment.

Knight Frank's global head data centres, Stephen Beard, who himself had an unusual career change – having been an actor on Channel 4 soap *Hollyoaks* before moving into real estate – argues that it is easier to make the switch from other parts of real estate than many may think.

"I've been surprised by the lack of inbound I've received from individuals that are working in sectors that aren't performing as they once were," Beard says. "I think what it boils down to is that there's still this assumption that data centres are strange, technical, odd buildings – and what we don't know scares us."

Knight Frank's head of data centres Stephen Beard (far left) was in TV soap *Hollyoaks* before embarking on a career in real estate

Real estate professionals are also in demand at developer operators, as well as cloud service providers.

Many agency professionals end up going client-side, typically applying their skills and contact bases to work in sales or in land acquisition and development.

Beard's former colleague Ben Stirk, for example, moved to Ark Data Centres earlier this year to take up a new role as head of enterprise and AI.

Others move into roles at large cloud service providers – so-called hyperscalers, who are themselves moving into data centre development in a big way. For example, Jamie Hargreaves, now development director at Trammel Crow, worked in CBRE's industrial team for seven years before becoming a land acquisition manager at Microsoft, where he sourced land for data centre development.

Highly prized skills

As data centre platforms scale up, site acquisition is vitally important and at director-level, this can be a C-suite role. Data centre experience is obviously preferred, but there is scope to cross over from adjacent sectors – most obviously logistics, as there is a lot of crossover in the sites that are suitable.

Even when it comes to more technical real estate roles, there is potential to apply skills that are not obviously relevant. Ingram cites the example of a construction manager at Waitrose, whose expertise in cooling and refrigeration helped land him a job at Digital Realty.

The limited pool of people with data centre experience means employers are increasingly happy to consider such candidates.

> *"Clients are now more receptive to considering candidates without a data centre background"*
>
> LUKE MARIOSA, MACDONALD & COMPANY

"Comparing the data centre sector now from when we first started hiring in the space five years ago, clients are now more receptive to considering candidates without a data centre background," says Mariosa.

However, there are limits. At senior levels, in particular, there is a need for professionals with direct industry experience, who are able to successfully navigate some of the complexities of the sector. Certain skills and contacts are particularly sought after.

Charlie Barton, managing director Europe at executive search firm Ferguson Partners, says: "People who have proven relationships with the hyperscalers and a strong network within enterprise businesses are highly valued. Experience of operating single and co-location assets is also prized.

"Ideally, you need somebody who has a firm grasp of the contractual and delivery detail, as the development of data centres carries stiff penalties if the service level agreement is breached in any way."

At the fund manager level, as exposure to data centres grows, some have hired in experts from operating companies. But most rely on their existing bench, either on the real estate or infrastructure side, depending on how they position the sector internally.

Joseph Smith, who leads the compensation advisory practice at Bohill Partners, says: "For the hires that we have made where data centres fall under their remit, whether they come from a real estate or an infrastructure background is often dependent on the other asset classes they are covering alongside data centres."

There are plenty of different career opportunities on offer in the data centre world, many of which are suitable to property professionals working in other sectors. There could be no better time to make the move, given the lack of activity in much of the rest of the real estate market and the talent shortage in data centres. Those that do take the plunge could well reap the rewards.